From: Pete Fauth [pfauth@financialplus.org]
Sent: Wednesday, March 18, 2009 3:55 PM
To: _Regulatory Comments
Subject: ANPR comment - Financial Plus Credit Union, Ottawa, Illinois

March 18, 2009

Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428
Delivered via email: regcomments@ncua.gov

Dear Secretary Rupp:

Thank you for the opportunity to comment on the ANPR regarding the future of the corporate credit union structure. I have brief comments to make on several of the key issues included in the ANPR, but would like to begin with some general comments about the vital role corporate credit unions play in the credit union system today.

Financial Plus Credit Union relies heavily upon our corporate credit union to facilitate day to day operations. Our corporate offers the critical payment and settlement services necessary to complete transactional business for our members, including ATM/Debit, Share drafts, ACH, wire transfers, electronic check deposits, and many others. They offer us overnight and fixed term investment options to manage our liquidity and provide competitive dividend rates to our members. They facilitate our ALM modeling and forecasting, and assist us with counsel on managing risk. They provide education to our staff on a myriad of issues and topics relevant in today's changing environment. They assist in local chapter, state league, and national efforts on governmental, legislative, and public affairs issues to assist the entire credit union movement.

It is not without its flaws, but without the corporate network our credit union would not exist and compete as it does today. The economies of scale corporates offer natural person credit unions allow us to continue to offer low cost alternatives to consumers. In absence of this network, our options would be limited to arranging separate agreements with the Federal Reserve and with banks to perform correspondent services. At a minimum, our costs would rise and our ability to serve our members would diminish. More likely, the entire movement would suffer at the hands of a national financial system controlled exclusively by banks, and through their legislative or regulatory pressures credit unions would cease to exist as we do today.

The following are specific comments to the ANPR sections for your review and consideration:

1. The Role of Corporates in the Credit Union System.

   Payment Systems – Payment systems should not be isolated from other services, although the merits of having a shared processing CUSO for the corporate system should be investigated.

   Liquidity and liquidity management – Credit unions need all of the current services provided by the corporates. We do not wish to see any NCUA imposed limit on corporate products and services.

Field of Membership Issues – Competition for natural person credit union business is necessary to keep corporate pricing in check. NCUA should continue to allow national fields of membership for corporate credit unions.

Expanded Investment Authority – NCUA should not limit the investment authority of the corporate credit unions.

Structure; two-tiered system – We need a one-tier corporate system including five or six regional corporate credit unions, and not twenty-eight. US Central Credit Union is no longer needed.

2. Corporate Capital.

   Core capital – In order to foster competition I'm not sure you can limit services only to members maintaining contributed capital, however corporates could charge those who have not established a capital account with them a higher level of pricing.

   Membership capital – Membership capital should be left as it is.

   Risk-based capital and contributed capital requirements – Natural person credit unions should maintain capital with one or more corporates if they choose to, and pay higher pricing to corporates they choose to get additional services from without maintaining a capital account.

3. Permissible Investments.

   NCUA should not modify existing permissibility or prohibitions with regard to investments.

4. Credit Risk Management.

   No comment on this issue.

5. Asset Liability Management.

   No comment on this issue.

6. Corporate Governance.

   Corporates should have training programs established for their directors. Term limits of 10 to 12 years would be good. I am not in favor of compensation for directors. I am also not in favor or greater transparency for executive compensation, as it the board's role to establish and monitor executive pay and benefits.

If you have any questions or comments, please contact me.

Sincerely,
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